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RESOURCE ALLOCATION TO POLITICAL AND  
ECONOMIC INTELLIGENCE COLLECTION AND PROCESSING

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FOREWORD

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This report presents the analysis and observations resulting from an investigation of the resources currently allocated by the Intelligence Community to political and economic intelligence collection and processing (and, to a lesser extent, production). The work was performed under contract number [REDACTED] [REDACTED] in support of the Program Assessment Office (PAO) of the Resource Management Staff. [REDACTED]

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## 1. STUDY OBJECTIVES (U)

In 1975, Robert M. Macy, in an essay prepared for the Murphy Commission, suggested that:

. . . a study would be useful to help settle the sharp differences existing within the U.S. Government today on the equitable allocation of intelligence resources. There have been many studies of the Intelligence Community, but nearly all of them seem to have been concerned with 'moving the boxes around on the organization chart', and not with the allocation of resources or the general strategy for intelligence . . . .<sup>1</sup>

Less than a year later, former DIA chief, Lieutenant General Daniel O. Graham, noted that:

. . . political and economic intelligence on a wide variety of target countries has become critical to good national decision-making. This requires new efforts to collect, process, and analyze politico-economic intelligence . . . .<sup>2</sup>

Most recently, the Director of Central Intelligence, Stansfield Turner, cited improving the quality of political and economic intelligence as the first of three major challenges confronting the Intelligence Community in 1979:

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<sup>1</sup>Robert M. Macy, "Issues on Intelligence Resource Management", Commission on the Organization of the Government for the Conduct of Foreign Policy, Vol. 7, Washington: GPO, June 1975, 66-67.

<sup>2</sup>Daniel O. Graham, U.S. Intelligence at the Crossroads, Washington: United States Strategic Institute, 1976.

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Our experience . . . underscores the importance of sensitivity to broad trends and underlying social, political, and economic forces that will shape the international environment in the 1980's. How well equipped are we today to detect these kinds of social and political changes, changes that could threaten U.S. interests. . . .<sup>3</sup>

In recognition of the increasing importance of political and economic (hereafter, P/E) intelligence to U.S. security interests, this study was commissioned to identify and, where possible, measure current P/E intelligence activities within the Community. In order to accomplish this, the study first compiled data that should be of interest to Community resource managers concerned with:

- the links between political and economic intelligence requirements and collection and processing resource allocations;
- the value of available information sources to P/E analysts; and,
- the current patterns of human and material resource allocations to P/E intelligence collection and processing.

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Any analysis of resource allocations to intelligence activities — particularly one that attempts to draw inferences about the adequacy of such allocations — ideally should assess the quality of finished intelligence products. However, a number of recent studies have focused on finished intelligence production and consumer satisfaction; consequently, this effort has sought to avoid duplicating those studies, and instead has concentrated on the collection and processing end of the intelligence cycle.

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<sup>3</sup>"The Intelligence Community in 1979", Annual Report of the Director of Central Intelligence to the Congress, 25 Jan. 1980, 1, TS/Codeword.

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To support the objectives of the study, specific indicators from which reasonable inferences could be drawn were identified.

These include:

- the national requirements emphasis on P/E subjects, as reflected in the DCID 1/2, NITS, and collection tasking summaries;<sup>4</sup>
- the size and scope of various P/E intelligence activities, as reflected in CIRIS, CBBB, and ZBB documents;
- the types and volume of intelligence information on P/E subjects, including that from non-NFIP entities, as reflected in automated data bases;
- analysts' assessments of the utility of both information sources and data bases, as reflected in surveys and other available statistics; and
- the costs of collecting and processing P/E intelligence, as reflected in the NFIP.

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The intangible, qualitative factors that tend to skew intelligence resource allocation decisions in particular directions, though not totally ignored, do not figure prominently in this analysis. Furthermore, the lack of an accepted conceptual framework or model of the Intelligence Community prohibits the derivation of algorithms that could relate various Community functions. The surrogate indicators adopted for this effort, therefore, are both imperfect and imprecise. Where problems with the data revealed by the indicators have hampered the analysis of P/E resource allocation, those problems have been discussed in the study.

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<sup>4</sup>Definitions and explanations of these and other acronyms are contained in Appendix A.

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Despite the lack of precise indicators and data, however, the trends discernible in the data, and an analysis of those trends, should be of value to those concerned with enhancing political and economic intelligence. By identifying the type, size, and contents of automated P/E data bases, for example, gaps, redundancies, and disproportions in these data bases may be revealed. Similarly, isolation of the resources expended on collection and processing of P/E intelligence could lead to identification of redundancies and imbalances in the allocation of those resources. Finally, by studying resource allocations relative to national requirements, relationships between changes in national requirements and changes in allocations might be uncovered.

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This study is intended to be descriptive rather than prescriptive. Its goal is to integrate the data from the indicators mentioned into a description of P/E collection and processing that will help Community resource managers and decision-makers identify disproportions or discrepancies in the relationships between national requirements and resource allocations. Additionally, where usable and meaningful data have permitted, political and economic intelligence has been compared with other forms of intelligence, such as military or S&T, to determine the relative emphasis placed on the former.

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## 2. STUDY METHODOLOGY (U)

## 2.1 DESCRIPTION OF THE TASKS

Despite the absence of an accepted model of the processes and functions of the Intelligence Community, most Community members agree to a simplified model in which a variety of national intelligence requirements — both formal and informal — result in demands for data, which in turn induce collection and processing activities. For reasons of convenience, timeliness, or accuracy, the formal links between these various functions are frequently circumvented, as when, for example, an analyst needing additional data bypasses the formal tasking mechanism and informally queries the collector most likely to have access to the needed information. The six basic tasks of the study were derived from the following simple model of the intelligence process:

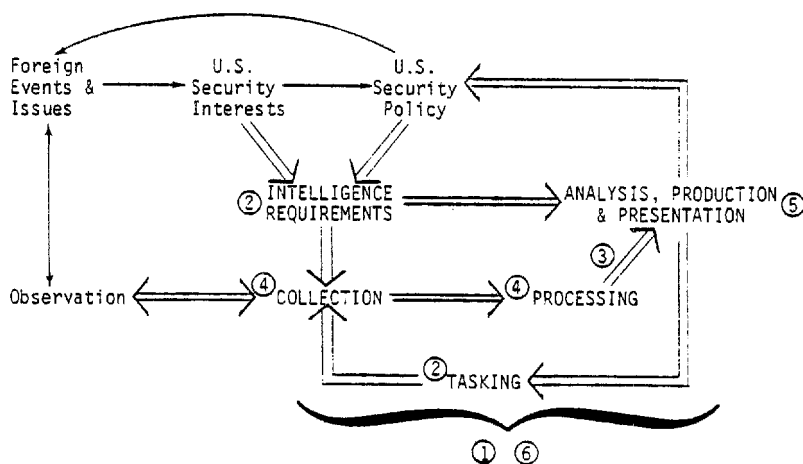


Figure 2-1. Intelligence Process-Study Task Relationship\*

\*Circled numbers depict the study task(s) corresponding to each element of the process.

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TASK 1: Definitions and Profiles — In order to understand the content, data flows, and data requirements of P/E intelligence from collection through analysis, the study first reviewed existing reports and documentation on the subject. These included (1) standard definitions from such sources as the Community's Glossary of Intelligence Terms and Definitions and the major data bases used in the study — AEGIS, SOLIS, and HIMS — as well as (2) more detailed profiles of Community activities from the Analyst Support Task Force and SAFE surveys. Collectively, these sources provided clarity concerning the accepted composition of the major elements of the study — political intelligence, economic intelligence, collection, and processing; they highlighted commonalities and differences across agencies in the classification of geographic regions; and they clarified the roles and characteristics of the analyst as an intervening variable between the acquisition and consumption of intelligence information. It is important to note that, because the study was fundamentally descriptive in nature, no attempt was made to modify existing definitional distinctions, even where discrepancies were noted; rather, emphasis was placed on achieving approximate comparability wherever possible.

TASK 2: Requirements and Priorities — To assess the relative level of emphasis on P/E intelligence, the study next developed a set of requirements metrics, based on information contained in the National Intelligence Topics (NITs), DCI Directive 1/2 (DCID 1/2), and the collection tasking summaries produced by the Collection Tasking Staff (CTS). The intent of this effort was not to measure the extent to which national requirements and priorities are being satisfied, but instead to identify, as a vehicle for subsequent comparisons, where established formal requirements would seem to suggest that Community emphasis be placed. A major difficulty of attempting to manipulate established sets of priorities mathematically, however, is that they

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consist of ordinal numerical scales that have no intrinsic quantitative value. Beyond the basic determination of which subjects and geographic regions are more or less important than others, it is essentially impossible to determine by how much. Consequently, this study employed statistical approach specifically designed to treat ordinal rankings; these statistics sought to determine the randomness of the data, the nature of the overall data pattern, any pattern deviations, and individual cross-dimensional correlations.

TASK 3: Volume of Data — In order to describe the product of the collection and processing functions of the Intelligence Community and thereby permit the identification of gaps and redundancies in those activities, Task 3 measured the quantity of data available to analysts, as reflected in various Community automated data bases.<sup>5</sup> This particular effort sought not to measure the flow of data from particular sources or collectors, to measure losses of data, nor to identify criteria for data retention. Likewise, it did not seek to assess data quality, a subject treated in Task 5. Rather, the intent was to capitalize upon the best available data, in terms of both format and accessibility, and determine the volume of reporting on particular subjects and geographic regions, measured as the flow of data into and out of extant data bases. Though providing a recognizably less than perfect measure, this metric was adjudged to be a suitable representation of the "actual" emphases of intelligence collection/processing and production that could be compared with the "desired" emphases reflected in national requirements.

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<sup>5</sup>*These included CIA's AEGIS, DIA's HIMS, and the FBIS data bases. Other data bases that might have been used for the study, but were not, include NSA's SOLIS and NPIC's NDS.*

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TASK 4: Resource Allocations to Collection and Processing — Fundamental to the objectives of the study was the identification and analysis of current patterns of resource allocations to each collection and processing program by subject area and geographic region. Task 4 sought to identify these current patterns but did not attempt to measure the effectiveness of either resource allocations or actual expenditures. Although resource data from the annual CBJB (Congressional Budget Justification Books) and ZBB (Zero-Based Budget) submissions were investigated, the format of these data precluded their effective use in the present context. Specifically, the fact that the fiscal displays in those documents typically are not organized geographically, in many instances do not reflect substantive foci, and emphasize systems and organizations served as a major disadvantage. Consequently, it was felt that, by virtue of format and accessibility, the Intelligence Community Staff's CIRIS data base was most appropriate for the purposes of the study. CIRIS provides the requisite breakouts across subject areas, functions, and countries necessary to provide the comparisons of importance here.

TASK 5: Utility of Data — Analysts' evaluations of the various sources of data available to them provide the most useful measure of the value of intelligence data collected and processed by the Community. This study used two primary sources for this purpose: (1) the Publications Source Survey (PSS) of NFAC's Requirements Evaluation Staff, and (2) the results of the Analyst Support Task Force (ASTF) survey sponsored by the Information Resources Office and Information Handling Committee of the Resource Management Staff. PSS contains evaluations of the reference/source material used by NFAC analysts in the preparation of (1) the National Intelligence Daily (NID) and (2) Intelligence Memoranda (IMs) and Intelligence Reports (IRs). Each intelligence product is evaluated by its author in terms of the contribution (key, supplemental, incidental) to that

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report of each of sixteen collection sources. PSS contains data only on NFAC products and does not address all of those (e.g., National Intelligence Estimates and Interagency Memoranda are omitted). The ASTF survey, in contrast, interviewed 122 analysts across agencies and asked them to evaluate each of eighteen collection sources according to their general utility (essential, important, marginal, none). Together, these two sources of data (PSS and the ASTF survey) provide a useful basis for comparing the utility of various collection sources with the level of resources expended on them.

TASK 6: Case Study — To supplement and cross-check the results of earlier tasks, an in-depth case study of the recent Nicaragua crisis was undertaken in Task 6. The task involved the investigation of relevant documentation and interviews with political and economic analysts concerning the major dimensions of the overall study: requirements/priorities, data base usage, source utilization, and resource allocations. A total of thirteen analysts from CIA/NFAC (3 - OPA, 2 - OER), State/INR (3), NSA (3), and DIA Current Intelligence (2) were interviewed to elicit their views and thereby provide confirmatory findings or uncover anomalies not otherwise surfaced in the remainder of the study.

## 2.2 DATA AGGREGATIONS AND RELATIONSHIPS

An early and critical decision involved the selection of an appropriate level of detail for the data to be analyzed; for example, should data be organized by geographic region or by country? Would organization by specific collection platform or generic collection category be preferable? The study initially determined that the maximum amount of detail provided by the available records and surveys should be used. Efforts quickly revealed, however, the

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infeasibility of organizing data by specific collection program because of the lack of data comparability across agencies, the lack of visibility of specific questions of interest to this study, and the time delays required to reformat available data. Discussions with personnel familiar with the data further revealed that data broken down by regions would be less sensitive to double-counting than data arrayed by specific country, because many sources are attributed to more than one country. Similarly, the subject content of the data usually can be identified as political and/or economic, but not as more specific subsets of those disciplines.

The level of detail and organization of the data eventually used in the study, though far from ideal, were dictated by the available sources of resource and management information. A major problem continues to be the lack of standardization of such information within the Community. Not even the definition of geographic regions, for example, is consistent across data bases. This study selected the AEGIS geographic categorization scheme as a common denominator and applied it to resource information data bases. The source categorization scheme used by PSS was selected to represent the various types of collection.

The various levels of management information detail — subject (or discipline) content, geographic region, and collection type (or source) — were then related to each other and to the chosen indicators — requirements, resources, volumes of data and production, and analyst evaluations — according to the following matrix:

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Table 2-1. Data Relationships

STUDY DIMENSION		REQUIREMENTS	RESOURCE ALLOCATION	COLLECTION VOLUME	PRODUCTION VOLUME	ANALYST PERSPECTIVE
SUBJECT	POLITICAL	X	X	X	X	X
	ECONOMIC	X	X	X	X	X
	MILITARY	X	X	—	—	—
	S&T	X	X	—	—	—
	OTHER	X	X	X	X	—
GEOGRAPHIC REGION	USSR	X	X	X	X	X
	CHINA (PRC)	X	X	X	X	X
	EUROPE	X	X	X	X	X
	FAR EAST/PACIFIC	X	X	X	X	X
	NEAR EAST/AFRICA	X	X	X	X	X
	WESTERN HEMISPHERE	X	X	X	X	X
	WORLD	X	X	X	X	X
SOURCE	HUMINT	—	X	—	—	X
	SIGINT	—	X	—	—	X
	PHOTINT	—	X	—	—	X
	OTHER	—	X	—	—	X

The meaning of the matrix, and thus the focus of the study, should be clear — it attempts to isolate those data which clarify the relationships between any pairs of data sets. For example, data describing the SUBJECT-REQUIREMENTS pair would suggest the amount of emphasis national requirements place on political vs. economic intelligence. Similarly, data on the REGION-RESOURCE pair would suggest the level of resource expenditures for P/E intelligence in each region. Interactions between all possible data pairs theoretically are possible, and all were analyzed during the course of the study. Only the most interesting relationships, however, are addressed in this report.

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More sophisticated and complete analysis would have been possible had the Community's resource management data been better organized, readily available, and adequate. Hopefully, the findings of this report will prove interesting and useful enough that managers will be persuaded to improve their resource management data bases so that future studies may be more valuable.

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